

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----047090 101220Z /10
O 101147Z SEP 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 1755

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 11550

EXDIS

USEEC

PASS TO WHITE HOUSE/NSC FOR HENRY OWEN

E.O.11652: GDS
TAGS: EEC
SUBJECT: COMMISSION PAPER FOR SUMMIT FOLLOW-UP

1. PURSUANT OWEN'S SUGGESTION THAT EC COMMISSION
REP TO SEPTEMBER 30 SUMMIT REVIEW SESSION SUBMIT
PAPER IN ADVANCE OF MEETING, CRIPIN TICKELL CALLED
DCM IN ON SEPTEMBER 10 AND DELIVERED FOLLOWING TEXT
FOR TRANSMISSION ASAP TO OWEN.

2. BEGIN TEXT OF LETTER TO OWEN DATED SEPTEMBER 9:
MY DEAR AMBASSADOR, MANY THANKS FOR YOUR LETTER OF
25 AUGUST. I LOOK FORWARD VERY MUCH TO SEEING YOU
ON 29 SEPTEMBER, AND PARTICIPATING IN THE MEETING AT
THE STATE DEPARTMENT ON 30 SEPTEMBER.
I AM ALSO GRATEFUL TO YOU FOR THE SUGGESTION THAT WE
MIGHT WISH TO CONTRIBUTE TO THE REPORT WHICH OUR NEW
GERMAN COLLEAGUE HAS SUGGESTED MAY BE MADE TO THE
HEADS OF STATE AND GOVERNMENT. I DO NOT ENVY YOU
YOUR RESPONSIBILITY FOR PRODUCING A FIRST DRAFT BUT
WE ARE OF COURSE ANXIOUS TO GIVE ANY HELP YOU MAY
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NEED. ON TWO OF THE POINTS DISCUSSED IN THE DOWNING
STREET DECLARATION ANNEX I AM RELUCTANT TO PUT FORWARD
SUGGESTIONS: THE FIRST CONCERNS MULTILATERAL TRADE
NEGOTIATIONS ON WHICH IT IS DIFFICULT TO SAY VERY
MUCH IN ADVANCE OF OUR MEETING WITH BOB STRAUSS ON
21 AND 22 SEPTEMBER; AND THE SECOND CONCERNS ENERGY
POLICY AND THE COMMUNITY'S ROLE IN THE PROPOSED INTER-

NATIONAL NUCLEAR FUEL CYCLE EVALUATION PROGRAMME. THE LATTER IS UNDER DISCUSSION IN THE INSTITUTIONS OF THE COMMUNITY BUT WE ARE NOT LIKELY TO KNOW THE RESULT, WHICH I HOPE WILL BE POSITIVE, FOR ANOTHER WEEK OR SO. BUT ON BOTH THESE POINTS I HOPE TO BE IN A POSITION TO SAY SOMETHING AT THE MEETING ON 30 SEPTEMBER.

I AM, HOWEVER, GLAD TO ENCLOSE TWO MODEST CONTRIBUTIONS TO YOUR REPORT, THE FIRST ON THE EVOLUTION OF THE WORLD ECONOMIC SITUATION SINCE LAST MAY, AND THE SECOND ON THE PROGRESS ACHIEVED IN THE NORTH/SOUTH DIALOGUE. PLEASE REGARD THESE CONTRIBUTIONS AS PERSONAL AS WELL AS INFORMAL. THEY ARE DESIGNED TO HELP THE DRAFTER OF A COMPOSITE REPORT RATHER THAN SET OUT INDIVIDUAL ATTITUDES OR POSITIONS. YOURS SINCERELY,
CRISPIN TICKELL. END TEXT OF LETTER TO OWEN.

3. BEGIN TEXT OF ENCLOSURE:

DRAFT CONTRIBUTION TO REPORT TO HEADS OF STATE
AND GOVERNMENT

1. EVOLUTION OF THE ECONOMIC SITUATION

IN THEIR DECLARATION THE HEADS OF STATE AND GOVERNMENT UNDERLINED THE IMPORTANCE OF CREATING NEW JOBS AND
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CURBING INFLATION. SINCE THEN CERTAIN OF THE COUNTRIES REPRESENTED HAVE COMMITTED THEMSELVES TO ACHIEVING A REASONABLY HIGH RATE OF GROWTH WHILE OTHERS HAVE PURSUED STABILIZATION POLICIES AS A NECESSARY PRE-LIMINARY TO RESUMPTION OF HEALTHY GROWTH. IT NOW APPEARS THAT THE MAJORITY OF THE GOVERNMENTS CONCERNED HAVE BEEN OBLIGED TO LOWER THEIR ESTIMATES OF GROWTH FOR 1977 AND ACCEPT THAT THE GROWTH LIKELY TO BE ACHIEVED IN 1978 WILL NOT BE SUFFICIENT TO REDUCE THE PROBLEM OF UNEMPLOYMENT SUBSTANTIALLY. IT FOLLOWS THAT THE WORLD ECONOMY NEEDS A DECISIVE STIMULUS FROM THOSE GOVERNMENTS WHOSE SITUATION ALLOWS THEM TO INCREASE THE EFFORT WHICH THEY HAVE ALREADY MADE BUT WHOSE SHORT-TERM EFFECTS HAVE SO FAR BEEN BELOW WHAT IS REQUIRED. ALL INDUSTRIALIZED COUNTRIES SHOULD SUPPORT THE FURTHER EXPANSION OF WORLD TRADE. IN THIS RESPECT IT IS WORTH REMARKING THAT AID TO THE THIRD WORLD IS NOT ONLY NECESSARY FOR RAISING LIVING STANDARDS IN THOSE COUNTRIES BUT ALSO ONE OF THE DRIVING FORCES IN WORLD TRADE.

AN EXPANSION OF WORLD TRADE SHOULD BE ACCOMPANIED BY

IMPROVEMENT IN THE CURRENT ACCOUNTS OF INDUSTRIALIZED COUNTRIES. THIS MUST BE DEPENDENT ON POLICIES DESIGNED TO DEVELOP NEW SOURCES OF ENERGY AND TO CONSERVE ENERGY. SUCCESS IN SUCH POLICIES, PARTICULARLY IN THOSE INDUSTRIALIZED COUNTRIES WHICH ARE EXCESSIVE IMPORTERS OF ENERGY, HAS SPECIAL IMPORTANCE FOR THE INTERNATIONAL COMMUNITY AS A WHOLE.

2. NORTH/SOUTH DIALOGUE

THE OBJECTIVES WHICH THE HEADS OF STATE AND GOVERNMENT

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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C O N F I D E N T I A L SECTION 02 OF 02 BRUSSELS 11550
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SET THEMSELVES FOR THE CONFERENCE ON INTERNATIONAL ECONOMIC CO-OPERATION WERE BROADLY MET. THE CONFERENCE WAS NOT AN UNMIXED SUCCESS. THE RESULTS DID NOT MEET ALL THE DEMANDS OF THE DEVELOPING COUNTRIES. NOR DID THEY ENTIRELY CORRESPOND TO THE INTERESTS OF THE INDUSTRIAL COUNTRIES. BUT THE CONFERENCE WAS FAR FROM A FAILURE. IN GENERAL TERMS IT SHOULD HELP TO FURTHER THE ECONOMIC GROWTH OF DEVELOPING COUNTRIES WITHIN THE FRAMEWORK OF THE WORLD ECONOMY AS A WHOLE; IT HAS ALREADY CONTRIBUTED TO BETTER MUTUAL UNDERSTANDING; AND IT HAS ESTABLISHED MEANS FOR CONTINUING THE DIALOGUE WITHIN THE UNITED NATIONS AND OTHER INTERNATIONAL BODIES.

IN PARTICULAR SUBSTANTIAL ENGAGEMENTS WERE MADE TO INCREASE THE VOLUME OF AID AND OTHER REAL RESOURCES TO THE THIRD WORLD. IN THIS RESPECT AGREEMENT ON A SPECIAL ACTION PROGRAMME TO HELP SPECIALLY POOR COUNTRIES AND ON INCREASING THE CAPITAL OF THE WORLD BANK WERE OF PARTICULAR IMPORTANCE. IT IS ALSO WORTH DRAWING ATTENTION TO THE AGREEMENT REACHED ON THE ROLE WHICH PRIVATE CAPITAL CAN PLAY IN THE PROCESS

OF DEVELOPMENT AND ON SOME OF THE CONDITIONS WHICH
FACILITATE PRIVATE INVESTMENT IN DEVELOPING COUNTRIES.

WORK ON PUTTING THE INTEGRATED PROGRAMME FOR
COMMODITIES INTO EFFECT, AND THE CREATION OF A COMMON
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FUND, WILL BE OF PARTICULAR IMPORTANCE FOR
INDUSTRIALIZED AS WELL AS DEVELOPING COUNTRIES.
ACTIVE DISCUSSION IS NOW IN PROGRESS ON THE COMMODITIES
TO BE COVERED. AGREEMENT WAS ALSO REACHED AT THE
CONFERENCE ON IMPROVEMENT OF THE GENERALISED SPECIAL
PREFERENCES SCHEME, AND AREAS WERE IDENTIFIED FOR
MORE FAVOURABLE TREATMENT OF DEVELOPING COUNTRIES IN
THE FORTHCOMING MULTILATERAL TRADE NEGOTIATIONS.

FINALLY THE CONFERENCE WAS THE OCCASION FOR A JOINT
ANALYSIS OF WORLD ENERGY REQUIREMENTS. ALTHOUGH NO
CONCLUSIONS WERE REACORD ON HOW TO MAINTAIN THE
DIALOGUE, THERE WAS AGREEMENT ON THE NEED FOR
INTERNATIONAL CO-OPERATION ON ENERGY MATTERS IN THE
FUTURE. OF MOST SIGNIFICANCE WERE MUTUAL RECOGNITION
OF THE LIMITATIONS ON OIL AND GAS RESERVES, AND OF THE
EVENTUAL NEED TO MOVE FROM OIL TO MORE PERMANENT AND
RENEWABLE SOURCES OF ENERGY; OF THE NEED FOR BETTER
CONSERVATION OF ENERGY RESOURCES; AND OF THE NEED FOR
THE WORLD BANK TO PLAY A LARGER ROLE IN THE DIVERSI-
FICATION AND EXPLOITATION OF ENERGY RESOURCES IN THE
THIRD WORLD.

THIS MAY BE NO MORE THAN A BEGINNING BUT IT IS A
RECORD OF POSITIVE ACHIEVEMENT. IT IS NOW FOR BOTH
INDUSTRIALISED AND OTHER COUNTRIES TO PUT THEIR
UNDERTAKINGS INTO EFFECT AND TO CONTINUE THEIR
RECOGNITION OF MUTUAL DEPENDENCE IN THE ECONOMY OF
THE WORLD AS A WHOLE.

END TEXT OF ENCLOSURE.

4. ORIGINAL BEING POUCHED TO OWEN. HINTON

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Message Attributes

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Secure: OPEN
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